

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Color County District Richfield Field Office

150 East 900 North
Richfield, UT 84701
Telephone (435) 896-1500
Fax (435) 896-1550

<http://www.blm.gov/ut/st/en/fo/richfield.html>

December 8, 2014

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UTU-90494



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Wayne

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DIV. OF OIL, GAS & MINING

CERTIFIED MAIL – 7013 2630 0002 2809 0106 & 7013 2630 0002 2809 0113
RETURN RECEIPTS REQUESTED

TRESPASS NOTICE

Bromide Mining, LLC
Ms. Kristin Sheffer, Managing Member
2335 NW 107th Ave. Suite 2M46
Miami, Florida 33172

Bromide Mining, LLC
Mr. Erick Gadea, Director
80 SW 8th Street, Suite 2000
Miami, Florida 33130

This letter is intended to follow up on the various conversations and correspondence between Bureau of Land Management (BLM) representatives and Bromide Mining, LLC (Bromide) that have taken place since approximately April 2014 regarding Bromide's unauthorized activities along BLM Route 14000, which the company uses as an access route to its patented mine. BLM Route 14000 is located on BLM-managed land in Garfield County, Utah, with the following legal description:

Salt Lake Meridian, Utah
T. 31 S., R. 10 E.,
sec. 25, SW1/4SW1/4;
sec. 26, SE1/4SE1/4;
sec. 35, lot 2, N1/2NE1/2, and NW1/4NW1/4.

In the Notice of Non-Compliance dated June 6, 2014 (copy enclosed), the BLM Richfield Field Office (RFO) informed Bromide that the unauthorized activities the company conducted on and

around BLM Route 14000 caused unnecessary and undue degradation to BLM-managed lands. These unauthorized activities include, but are not limited to, snow removal and grading of BLM Route 14000. Of primary concern to BLM are the significant adverse effects these unauthorized activities have caused to public lands including sedimentation and disturbance of Crescent Creek, and impacts to soils and forest resources along the creek. Also, the constant grading of the road has caused a deep road cut that, if continued, will make the route unviable in the future.

Bromide's unauthorized activities constitute a trespass under BLM's regulations. 43 C.F.R. § 2808.10. Trespass is "using, occupying, or developing the public lands or their resources without a required authorization or in a way that is beyond the scope and terms and conditions" of any existing authorization. Id. at § 2808.10(a). Trespass includes acts that cause "unnecessary or undue degradation to the public lands or their resources." Id. at § 2808.10(b).

As the entity that caused unnecessary and undue degradation to BLM-managed lands along BLM Route 14000, Bromide is responsible for rehabilitating the damaged resources. See id. at § 2808.11(c). BLM is prepared to proceed with a formal administrative trespass action against Bromide if such rehabilitation does not occur in a timely fashion. Under a formal trespass action, Bromide would also be responsible for reimbursing the United States for costs incurred with investigating the trespass, paying rental for the lands, and paying any BLM-assessed penalties. Id. at § 2808.11(a), (b). With respect to the damage caused by Bromide, the RFO currently estimates that these reimbursement and rehabilitation costs could be in the range of \$300,000.

In addition to rehabilitating the disturbed areas, Bromide must consult and coordinate with the RFO staff and specialists to ensure that its future use of BLM Route 14000 complies with all applicable BLM laws and regulations and does not cause further unnecessary and undue degradation. This consultation and coordination must occur if Bromide wishes to conduct any future surface disturbance on and along BLM Route 14000.¹

Moreover, Bromide's rehabilitation responsibilities exist regardless of other laws or regulations implemented or enforced by other agencies. In a letter to RFO's Wayne Wetzel dated June 18, 2014, a Bromide representative asserted that Bromide's unauthorized activities along BLM Route 14000 were conducted as safety precautions for mine workers during the winter months, and implied that because its mining activities are subject to regulation by the Mine Safety and Health Administration (MSHA), the unauthorized, damage-causing activities it conducted were authorized or otherwise justified. To the contrary, any requirements imposed by MSHA on Bromide's mining activities pursuant to MSHA's applicable regulations are separate from and in addition to BLM's regulatory authority and duties under the Federal Land Policy and Management Act of 1976 (FLPMA).

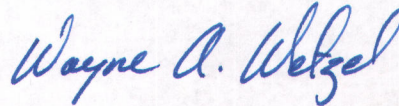
Ultimately, the RFO would prefer to avoid initiating a formal trespass action against Bromide. To that end, the RFO is prepared to work with Bromide to reach a mutually acceptable resolution of this matter that includes rehabilitating the damaged resources and ensuring that Bromide has

¹ The State of Utah Department of Natural Resources has similarly informed Bromide, in a letter dated May 22, 2014, of Bromide's responsibility to coordinate with and seek permission from BLM when conducting road work outside the boundaries of BLM Route 14000.

the authorization it needs to continue using BLM Route 14000. For example, as mentioned various times in the past, Bromide would need to obtain a FLPMA Title V right-of-way to continue certain uses of BLM Route 14000.

If Bromide fails to respond to this letter or otherwise contact the RFO within 30 days of receipt of this letter to either commence discussions with BLM or otherwise show that its activities on BLM Route 14000 are not a trespass, BLM will proceed with formal trespass proceedings.

Sincerely,



Wayne A. Wetzel
Field Office Manager

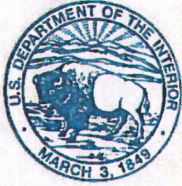
cc:

Wayne Western
Division of Oil, Gas and Mining
P.O. Box 145801
Salt Lake City, Utah 84114-5801

cc:

Bromide Mining LLC
Operations Office
100 East 20 North
P.O. Box 121
Hanksville, Utah 84734

Enclosure: Notice of Non-Compliance, June 6, 2014



United States Department of the Interior



BUREAU OF LAND MANAGEMENT

Color County District

Richfield Field Office

150 East 900 North

Richfield, UT 84701

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June 6, 2014

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RETURN RECEIPT REQUESTED

NOTICE OF NON-COMPLIANCE

Bromide Mining LLC

Attn: Kristen Sheffer, Managing Member

2335 NW 107th Ave. Suite 2M46

Miami, Florida 33172

Ms. Sheffer:

The Bureau of Land Management (BLM) has made an initial investigation of the upper Crescent Creek Road (BLM route 14000) which accesses your patented mining claim for the Bromide Mine. Our investigation has determined that the Bromide Mining Company has regularly used and upgraded an access route across BLM land without a legal right-of-way (ROW). The above-referenced access route crosses BLM land within the following legal description:

Salt Lake Meridian, Utah

T. 31 S., R. 10 E.,

sec. 25, SW1/4SW1/4;

sec. 26, SE1/4SE1/4;

sec. 35, lot 2, N1/2NE1/4, and NE1/4NW1/4.

The access route leading to your mining operation has historically been used with minimal disturbance without a proper ROW. Past upgrades to said access route were generally not a regular occurrence and disturbance to public land was minimal. The Bromide Mining Company has been observed both utilizing and upgrading said access road on a regular basis. Recent snow removal and grading activities along the access road have resulted in environmental degradation to Crescent Creek and naturally forested areas.

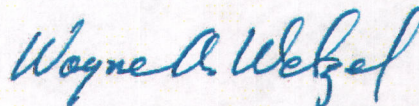
The Bromide mining operation is in need of a right-of-way authorization under Title V of the Federal Land Policy and Management Act (FLPMA) before further maintenance or upgrades of the access road can take place. In addition, you will be required to rehabilitate the disturbed areas under the direction of the authorized BLM personnel in order to correct the environmental issues that have been caused by the non-compliant activity. One of the primary environmental concerns is that of the altered riparian area along Crescent Creek. Your operation has caused significant adverse effects and displacement to the creek itself as well as the associated riparian areas. The adverse effects caused by your operation need to be addressed and corrected immediately and the overall disturbance caused by the road will need to be pulled back to its original footprint of no more than 25 feet in width.

Should you disagree with our determination, please provide evidence and/or information that show you are authorized for these activities on public lands within 15 days of receipt of this letter. This evidence and/or information should be provided to the Bureau of Land Management Richfield Field Office, 150 East 900 North, Richfield, Utah 84701.

Failure to comply with this notice and resolve the non-compliance may result in trespass penalties and a citation for your appearance before a designated United States magistrate under Title 43 CFR § 9262.1.

Please contact our staff Realty Specialist, Michael B. Utley at (435) 896-1515 to discuss the issue further and to develop rehabilitation and ROW plans for the access route and stream corridor. In the interim, please immediately discontinue any and all maintenance of and upgrades to the route until the non-compliance can be resolved.

Sincerely,



Wayne A. Wetzel
Field Office Manager

Enclosed: Photo Documentation

cc: Bromide Mining LLC
Operations Office
100 East 20 North
P.O. Box 121
Hanksville, Utah 84734

State of Utah
Division of Oil, Gas and Mining
Paul B. Baker
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, UT 84114-5801





